

November 28, 2007

Ukraine



Ukrainian meat market overview

Import:

President of Ukraine V.Yuschenko declared that special measures will be taken in order to restrain “grey” import of meat. The share of “grey” schemes in the sphere of meat industry is 40-50%. Smuggled meat costs 30-35% lower, therefore domestic producers of meat encounter many problems with sale.

According to Ukrmyasoproduct Association 187,000 MT of meat were imported to Ukraine since the beginning of the year. 58% of this amount was imported through FEZ in Donetskaya region without payment of customs duties.

Domestic production:

According to the State Statistics Committee the realization of meat (live weight) increased by 21.1% in October comparing with the previous month and totaled 256,100 MT. Thus the realization increased by 7.2% in comparison with October 2006.

As of November 1, 2007, livestock was registered as follows:

- cattle – 6.2 million heads
- pigs – 8.1 million heads
- sheep and goats – 1.9 million heads
- poultry - 190.9 million heads

Redundancy:

The sales of poultry meat decreased by 40% in November, consequently the domestic producers decreased the prices to the prejudice of profit.

Complex Agromars (Gavriliivski kurchata) sells poultry meat at the price of 10.98 hryvnia per kg, while the price in October was 11.64 hryvnia/kg. The same situation is with “Ruby Rose

Agricol Company” (Morozivski kurchata) with its` 11.43 hryvnia/kg in October and 10.9 hryvnia/kg now.

The Head of Ukrainian Poultry Producers Union Aleksander Bakumenko supposes that the reason of redundancy is the emission of huge amount of meat.

21,000 MT of poultry meat were imported in September 2007. This imported product can be found at the city markets at the price of 9-10 hryvnia/kg, while formerly the lion’s share of imported meat was mainly used by meat processors.

The Head of Analytic Department of AAA Consulting company says that the reason of this situation is the sudden increase of domestic production. Ukrainian poultry meat producers will produce nearly 1 million MT of meat this year, while the market needs are estimated at the amount of 800,000 - 900,000 MT.

The production of poultry meat in 2007 increased by 25% in comparison with 2006 and will increase by 25% more in 2008. - *Source: MeatInfo.ru, APK-Inform; Translated & edited by: usapeec.kz*

Ukrainian Government prolonged the term of Decree on imposing a ban on schemes involving meat import for further processing until April 1, 2008

Ukrainian Government prolonged the term of Decree on imposing a ban on schemes involving meat import for further processing until April 1, 2008. On April 13, 2007 Ukraine has imposed a ban on all meat imports via “further processing” schemes until September 1.

On November 19, 2007 Agricultural Policy Committee approved a draft law of a Government Decree on imposing a ban on schemes involving meat import for further processing (a scheme al

lowing importers to pay lower import duties).

“It is necessary to pass this Decree in order to exclude the decrease of domestic production. The lower prices on the raw material imported via “further processing” schemes destabilize the market”, says explanatory note.

On April 13, 2007 Ukraine has imposed a ban on all meat imports via “further processing” schemes until September 1. Thereafter, according to the Ministry of Economy, the prices of milk and beef increased by 5%, of pork - by 15%, of poultry and eggs - by 17%.

The import of meat and meat by-products to Ukraine in January-September 2007 constituted 163,000 MT increasing by 20% in comparison with the same period of the last year. 60,500 MT of these products were imported as “raw material for further processing” which makes 37% of all imported meat.

Last year meat consumption in Ukraine was 1.93 million MT; the share of domestic production in this volume was 1.73 million MT.

- Source: *MeatInfo.ru*; Translated & edited by: *usapeec.kz*

Feathering Ukraine`s agricultural future

Agricultural industry no longer domain of Soviet-style collective farm bosses, with savvy young MBA-wielding managers introducing branding concepts & integrated approaches to what was once Ukraine`s most profitable sector.

Agriculture and food processing in Ukraine are not only changing at warp speed, in the process of change the whole sector is becoming more vertically integrated and better managed by a new generation who can discuss IPOs and return on investment just as authoritatively as they do crop rotation and fertilization.

The process remains far from universal, but very quickly Ukraine is adapting to true 21st century agriculture and food production.

Putting the pieces together

If someone had gone to a public relations firm and asked for help in picking a catchy and

saleable name for a company Myronivsky Hliboprodukt (MHP) would hardly have been in the top 100 possibilities.

However, in spite of its tongue-twisting name, MHP has built itself into a world-class operation that is vertically integrated to a greater degree than most agricultural corporations in the world.

Begun in 1998 with the even less riveting name of Myronivsky Factory for Production of Grain and Mixed Fodder, MHP became one of the leading Ukrainian grain trade enterprises in 1999-2000. However, almost immediately after the company`s foundation it chose to direct its efforts toward the production of poultry meat, based on the Peremoga Nova plant.

It is in chicken meat production that MHP has excelled and under the leadership of founder Yury Kosyuk built itself into a huge and efficient producer.

In 2000, after a nine-year period of decreases, Ukraine`s statistics showed growth in chicken meat production volumes. In 2001, MHP ceased its activity as a grain trader and concentrated on production of poultry meat with gradual integration of the entire production process within the company.

The concept was at once simple and quite complicated. What MHP did successfully, perhaps more successfully than anyone has ever done in Ukraine, was to identify old Soviet-era facilities with potential, negotiate partnerships and buy-outs, as well as through investment and reconstruction managed to restore and modernise the acquired operations to efficiency and potential profitability.

If there is a single word that encapsulates the MHP success story, it is branding. The company discovered branding early on in its corporate life and has engaged in brand-building with chicken and other products with great success.

Of course, branding can only work when there is a good product supporting the brand. In 2002, MHP began a two-year programme during which all of its poultry plants were upgraded with modern equipment.

The company began introduction of uniform poultry growing technology, and uniform quality standards were applied to market-ready products. This was combined with an investment project designed to expand existing capacities with the ultimate aim of doubling the volume of market-ready products.

In December 2001, MHP created the Nasha Ryaba trademark as the retail brand for its fresh chicken products with the branded product first appearing in the marketplace in February 2002.

Within a year, the company introduced a franchising programme for Nasha Ryaba products and by the end of 2003 had opened approximately 900 MHP company sales points in all regions of Ukraine exclusively for the sale of Nasha Ryaba fresh chicken meat.

In addition to its branding success, MHP has developed production facilities that make it possible to structure the enterprise as an integrated complex with a closed cycle of meat production.

This made possible maximum control over product quality and costs of production. In particular, the company expanded its ability to provide its own mixed feed, thereby exercising maximum cost control.

Further development of its feed capacities made it possible for MHP to bring into being a second major brand with creation of a beef production complex aimed at the premium beef market. The brand has been known as Sertyfikovany Angus and is easily spotted on store shelves by its distinctive packaging. To further expand its closed cycle concept, in 2004 MHP began sunflower seed processing, allowing the use of soy protein in feeds for animal herds and also providing sunflower oil to the market separately.

During the entire early 2000s period, MHP was constantly searching out new facilities that could bring new depth to its closed cycle operations, always looking to bring greater efficiencies and lower costs to its operations.

Each new acquisition led to new opportunities for brand development. Beginning in 2003, MHP

began production of goose liver and products from goose meat based at its Snyatynska Nova plant.

Production of pork, sausages and beef for the premium market also began at the Druzhba Narodiv plant and production of pure bred Angus cattle at its Kyivska farm operation got underway.

Recognising a new market segment in Ukraine's burgeoning middle class, in January 2006 MHP completed an entire new plant exclusively to produce Legko brand frozen meat chicken, beef and pork dinners that require only brief microwave heating to be table ready.

A bright future

MHP expects to produce over 200,000 tonnes of chicken this year, and 350,000 tonnes annually by 2010. Based on its previous performance, there seems no reason to doubt that the goals will be realised.

The leadership at MHP appears to have learned two very important lessons. First, people do not want just unbranded commodities and products. They want, and are willing to pay for, products with name brands that they trust.

Second, MHP chose to concentrate on chicken meat production because of a simple fact, the birth to market cycle. With beef this takes an average of two years. For pigs, the same cycle is about six months. But for chickens, the cycle from birth to market is only two months.

Chicken meat is not only good business, it is business that can and often does give the producer a return in a much shorter time frame. Chickens are not the only answer, but they have proved an answer for some and those who turn out a quality chicken product are likely to reap rewards.

There will always be challenges in Ukraine's agricultural sector, but good business can be done and it can be done profitably, as MHP and other progressive producers are proving.

- Source: *BusinessUkraine*

Moldova



Moldova to provide itself with poultry meat completely by 2010

According to the Minister of Agriculture of the Republic of Moldova Anotolie Gorodenco, by the year 2010 Moldova will provide itself with poultry meat completely. He said that 1,000 MT of poultry meat were produced in Moldova in 2001, whereas current production estimates 16,000 MT per year. 45,000 MT of poultry meat were imported in 2005, and now the import volume constitutes 15,000 MT only.

144,000 MT of meat (live weight) will be produced this year in Moldova, increasing by 6,000 MT in comparison with 2006. Experts say that this increase is due to shortage of forage, when farmers have to slaughter. Therefore, the production of pork increased by 8%, poultry – by 5%.

During January-October 2007 the production of meat, meat products and canned meat grew by 24.6%, milk and dairy products-2.7 % and animal fodder-1.9%. - *Source: NewsMoldova, InfoMarket News Agency; Translated by: usapec.kz*

**All news that you need
are gathered here!
www.usapeec.kz**